

**§ 839.1114 Will OPM actuarially reduce my benefit if I elect to change my retirement coverage under these rules?**

Your annuity may be subject to three possible actuarial reductions under the FERCCA. These reductions may be required for an unpaid deposit (see § 831.303(d) and § 839.1116 of this chapter), for Government contributions in a TSP account (see § 839.1118), or for a previous payment of the Basic Employee Death Benefit (see § 839.1121).

**§ 839.1115 What is an actuarial reduction?**

An actuarial reduction allows you to receive benefits without having to pay an amount due in a lump sum. OPM reduces your annuity in a way that, on average, allows the Fund to recover the amount of the missing lump sum over your lifetime. The actuarial reduction becomes a permanent reduction in your benefit. The amount of the reduction depends on your age and the amount of the lump sum you would otherwise have to pay at that time. To compute an actuarial reduction, OPM divides the lump sum amount by the present value factor for your age at retirement.

**§ 839.1116 If, because of the change in my retirement coverage, I will owe larger deposits for military and civilian service credit, will I have to pay the additional deposit due or will OPM actuarially reduce my annuity?**

You can choose to pay the additional deposit amount. If you choose not to pay the deposit, OPM will actuarially reduce your annuity, as explained in § 831.303(d) of this chapter.

**§ 839.1117 If I elect to change my retirement coverage under the FERCCA, can I get a refund of the service credit deposit I made and receive the actuarial reduction instead?**

No, the FERCCA allows OPM to reduce an annuity by an actuarial reduction only for the deposit amount that remains unpaid.

**§ 839.1118 Will my annuity be actuarially reduced because I had Government contributions in my TSP account?**

Retirees and survivors of deceased employees who received a Government contribution to their TSP account after being corrected to FERS and who later elect CSRS Offset under the FERCCA are allowed to keep the Government contributions, and earnings on the Government contributions in the TSP account. Instead of adjusting the TSP account, the FERCCA requires that the CSRS-Offset annuity be reduced actuarially.

**§ 839.1119 How is the actuarial reduction for TSP computed?**

(a) The part of your TSP account on the date you retired that is Government contributions and earnings on those Government contributions forms the basis for the actuarial reduction. OPM will divide the Government contributions and earnings by the present value factor for your age (in full years) at the time you retired. OPM will then round the result to the next highest dollar amount, which will be the monthly actuarial reduction amount.

(b) If a survivor annuity is the only benefit that is payable, the present value factor for the survivor's age at the time of death is used. The survivor benefit is not reduced for TSP if the retiree's rate was reduced.

**SURVIVOR BENEFITS**

**§ 839.1121 What is the Actuarial Reduction for the Basic Employee Death Benefit (BEDB)?**

If you received a BEDB under FERS and you elect CSRS Offset under these rules, you do not have to pay back the BEDB. Instead, the FERCCA requires that OPM actuarially reduce your survivor annuity. The reduction will be the amount of the BEDB divided by the present value factor for your age at the time of the employee's death. The result is rounded to the next highest dollar amount and is the monthly actuarial reduction amount. If you elected to receive the BEDB in installments rather than a lump sum, the lump-sum amount is used for the purpose of computing the actuarial reduction.